

BONK, CUSHMAN, EAGLE & GARCIA

CERTIFIED PUBLIC ACCOUNTANTS

JAMES C. BONK, III C.P.A., C.F.E., C.F.F.
AN ACCOUNTANCY CORPORATION

STEVEN A. CUSHMAN, C.P.A.
AN ACCOUNTANCY CORPORATION

RYAN R. EAGLE, E.A.
A CORPORATION

ANDRES D. GARCIA, C.P.A.
AN ACCOUNTANCY CORPORATION

MISSION VALLEY CORPORATE CENTER
591 CAMINO DE LA REINA, SUITE 1216
SAN DIEGO, CALIFORNIA 92108

(619) 297-8080 FAX (619) 297-8087

PACIFIC BEACH COMMUNITY DEVELOPMENT CORPORATION

dba DISCOVER PACIFIC BEACH

AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Pacific Beach Community Development Corporation dba Discover Pacific Beach

We have audited the accompanying financial statements of Pacific Beach Community Development Corporation dba Discover Pacific Beach (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pacific Beach Community Development Corporation dba Discover Pacific Beach as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bonk, Cushman, Eagle & Garcia

Bonk, Cushman, Eagle & Garcia

November 5, 2021

PACIFIC BEACH COMMUNITY DEVELOPMENT CORPORATION
dba DISCOVER PACIFIC BEACH
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS:		
Cash and Cash Equivalents	\$ 291,008	\$ 241,628
Accounts Receivable	10,791	29,216
Total Current Assets	<u>301,799</u>	<u>270,844</u>
Leasehold Improvements	49,388	49,388
Office Equipment	13,012	13,012
Less: (Accumulated Depreciation & Amortization)	<u>(62,400)</u>	<u>(62,400)</u>
Total Property & Equipment	<u>-</u>	<u>-</u>
Rent Deposit	3,415	1,450
Prepaid Expenses	-	2,297
Total Other Assets	<u>3,415</u>	<u>3,747</u>
 Total Assets	 <u><u>\$ 305,214</u></u>	 <u><u>\$ 274,591</u></u>
 LIABILITIES:		
Accounts Payable	\$ 13,750	\$ 23,639
Deferred Revenue	8,850	-
Total Current Liabilities	<u>22,600</u>	<u>23,639</u>
SBA PPP Loan Payable	<u>31,545</u>	<u>28,696</u>
Total Liabilities	<u><u>\$ 54,145</u></u>	<u><u>\$ 52,335</u></u>
NET ASSETS:		
Without Donor Restrictions	\$ 251,069	\$ 222,256
Total Net Assets	<u>251,069</u>	<u>222,256</u>
 Total Liabilities & Net Assets	 <u><u>\$ 305,214</u></u>	 <u><u>\$ 274,591</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements

PACIFIC BEACH COMMUNITY DEVELOPMENT CORPORATION
dba DISCOVER PACIFIC BEACH
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
SUPPORT & REVENUE:		
BID Reimbursement	\$ 166,481	\$ 149,432
SBEP	22,963	27,963
City & County Grants - BeachFest	-	22,991
Other Grants	15,000	6,000
Community Court	26,160	27,140
BeachFest	4,880	102,316
Farmers Market	140,153	95,292
Other Special Events	2,661	55,820
Other Programs	16,911	21,669
Commissions	372	1,725
Sublease	6,050	6,600
SBA PPP Loan Forgiveness	28,696	-
Miscellaneous	<u>111</u>	<u>1,205</u>
 Total Support & Revenue	 430,438	 518,153
 EXPENSES:		
 Program Services	 355,889	 473,881
Management & General	<u>45,736</u>	<u>78,924</u>
 Total Expenses	 <u>401,625</u>	 <u>552,805</u>
 Change in Net Assets	 28,813	 (34,652)
 Net Assets, Beginning of Year	 <u>222,256</u>	 <u>256,908</u>
 Net Assets, End of Year	 <u>\$ 251,069</u>	 <u>\$ 222,256</u>

The Accompanying Notes are an Integral Part of the Financial Statements

PACIFIC BEACH COMMUNITY DEVELOPMENT CORPORATION
dba DISCOVER PACIFIC BEACH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
Auto Expense	\$ 2,688	\$ 672	\$ 3,360
Bank Fees	3,730	933	4,663
BeachFest	600	150	750
Business Development	654	-	654
Cleaning & Beautification	81,604	-	81,604
Dues and Subscriptions	519	130	649
Farmers Market	48,819	-	48,819
Health Insurance	4,922	1,230	6,152
Insurance	8,114	2,029	10,143
Meals & Entertainment	212	53	265
Newsletter	2,365	591	2,956
Office Cleaning	1,596	399	1,995
Other Special Events	1,811	453	2,264
Outreach	3,937	984	4,921
Payroll Service	340	85	425
Payroll Taxes	9,926	2,033	11,959
Printing & Publications	296	74	370
Professional Services	13,896	3,474	17,370
Rent	26,400	6,600	33,000
Salaries & Wages	126,131	21,514	147,645
Supplies	3,033	758	3,791
Taxes	88	22	110
Telephone	3,332	833	4,165
Training & Conferences	2,784	696	3,480
Utilities	8,092	2,023	10,115
	<u> </u>	<u> </u>	<u> </u>
Total Expenses	\$ <u>355,889</u>	\$ <u>45,736</u>	\$ <u>401,625</u>

The Accompanying Notes are an Integral Part of the Financial Statements

PACIFIC BEACH COMMUNITY DEVELOPMENT CORPORATION
dba DISCOVER PACIFIC BEACH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
Auto Expense	\$ 3,200	\$ 800	\$ 4,000
Bad Debt	5,312	1,328	6,640
Bank Fees	1,032	258	1,290
BeachFest	79,590	19,897	99,487
Building Repairs & Maintenance	2,293	573	2,866
Business Development	1,556	-	1,556
Cleaning & Beautification	82,970	-	82,970
Dues and Subscriptions	674	169	843
Farmers Market	50,454	-	50,454
Health Insurance	7,932	1,983	9,915
Insurance	13,484	3,371	16,855
Hospitality Task Force	4	1	5
Meals & Entertainment	378	94	472
Miscellaneous	-	46	46
Newsletter	3,218	804	4,022
Office Cleaning	1,260	315	1,575
Other Special Events	27,342	6,836	34,178
Outreach	8,330	2,083	10,413
Payroll Service	431	108	539
Payroll Taxes	9,348	1,915	11,263
Professional Services	14,703	3,676	18,379
Rent	26,400	6,600	33,000
Salaries & Wages	115,878	23,544	139,422
Supplies	3,141	785	3,926
Taxes	72	18	90
Telephone	3,607	902	4,509
Training & Conferences	3,459	865	4,324
Utilities	7,813	1,953	9,766
	<u>7,813</u>	<u>1,953</u>	<u>9,766</u>
Total Expenses	\$ <u>473,881</u>	\$ <u>78,924</u>	\$ <u>552,805</u>

The Accompanying Notes are an Integral Part of the Financial Statements

PACIFIC BEACH COMMUNITY DEVELOPMENT CORPORATION
dba DISCOVER PACIFIC BEACH
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 28,813	\$ (34,652)
(Increase) / Decrease in:		
Accounts Receivable	18,425	49,284
Rent Deposit	(1,965)	(2,297)
Prepaid Expenses	2,297	-
Increase / (Decrease) in:		
Accounts Payable	(9,889)	11,700
Deferred Revenue	8,850	-
Net Cash Provided by Operating Activities	<u>46,531</u>	<u>24,035</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from SBA PPP Loan Payable	31,545	28,696
SBA PPP Loan Forgiven	(28,696)	-
Net Cash Provided by Financing Activities	<u>2,849</u>	<u>28,696</u>
 Net Increase in Cash & Cash Equivalents	 49,380	 52,731
 Cash & Cash Equivalents, Beginning of Year	 <u>241,628</u>	 <u>188,897</u>
 Cash & Cash Equivalents, End of Year	 <u><u>\$ 291,008</u></u>	 <u><u>\$ 241,628</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements

PACIFIC BEACH COMMUNITY DEVELOPMENT CORPORATION
dba DISCOVER PACIFIC BEACH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

Note 1. Nature of Organization

The Pacific Beach Community Development Corporation (the Organization) is a non-profit consortium of local businesses organized for the purpose of promoting, improving, and fostering business conditions in the City of San Diego in the area commonly known as Pacific Beach pursuant to a City Ordinance, which established and defined a parking and business improvement area as the Pacific Beach District under the provisions of the Parking and Business Improvement Area Law of 1979 of the State of California and enabling ordinances of the City of San Diego.

The Organization is a business improvement district (BID) which formed in 1997. It is the second largest BID in San Diego with 1,300 member businesses. Its area of focus is in San Diego's beach communities including Pacific Beach and Mission Beach. The Organization has a variety of project committees populated by business owners and volunteers, including, Promotions, Pacific Beach Community Advisory, Design and Improvement and Hospitality Task Force.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting: The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

Accounting Pronouncements Adopted: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which entities expect to be entitled in exchange for those goods or services. The update also requires additional disclosure to enable readers of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted this update, along with all subsequent amendments (collectively, "ASC 606") in fiscal year ending June 30, 2021, under the modified retrospective method. Additionally, the Organization applied the practical expedient (i) to account for revenues with similar characteristics as a collective group rather than individually, (ii) to not adjust the transaction price for the effects of significant financing components (if any), and (iii) to not disclose the transaction price allocated to unsatisfied or partially unsatisfied performance obligations as of the end of the reporting period when the performance obligations related to contracts with an expected duration of less than one year. The effect of the Organization's adoption of ASC 606 is outlined below.

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarified and improved current guidance by providing criteria for determining whether a nonprofit is receiving commensurate value in return for the resources transferred. The outcome of the analysis determines whether the contract or grant constitutes either a contribution or an exchange transaction (i.e., ASC 606). The guidance also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Organization adopted this update on a prospective basis and the effects of the adoption are outlined below.

PACIFIC BEACH COMMUNITY DEVELOPMENT CORPORATION
dba DISCOVER PACIFIC BEACH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

Note 2. Summary of Significant Accounting Policies, continued

Accounting Pronouncements Adopted, continued: The effect of ASC 606 and ASU 2018-08 on the Organization's financial statements were examined in conjunction with one another. The Organization's revenue-producing arrangements do not meet the definition of a contract under ASC 606, as the arrangement does not have commercial substance and does not meet the definition of an exchange transaction under the clarified guidance in ASU 2018-08. The Organization reassessed the nature of its revenue-producing arrangements to ensure alignment with the definition of a contract under ASC 606 and exchange transaction under ASU 2018-08. The following changes in accounting policies occurred during the year ended June 30, 2021, as a result of the implementation of the ASC 606 and ASU 2018-08.

- Contributions, program-related and grant revenues were accounted for under ASC 958-605, *Not-For-Profit Entities, Revenue Recognition*, before the implementation of the new standards. With the clarifications outlined in ASU 2018-08, Organization management reviewed existing agreements as of the effective date, as well as new agreements for 2021, and concluded that there are no material changes in revenue related to contributions, program-related and grant revenues.
- Government grants and contracts: Under ASU 2018-08, these arrangements constitute contributions since the customer does not receive commensurate value for the consideration received by the Organization; rather, the purpose of the arrangement is for the benefit of the general public. Therefore, Organization management concluded that the agreements are conditional due to rights of return/release and barriers to entitlement of funds. Revenue is recognized when the condition is satisfied. Because the nature of conditions is either based on incurring qualifying expenses or satisfying a milestone or other deliverable, the pattern of revenue recognition remained consistent with previous years. Therefore, under the prospective approach, there was no material change in the revenue recognition for government grants and contracts.

Basis of Presentation: The financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) and with the provisions of the FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: net assets without donor restrictions are the net assets that are neither invested in perpetuity, nor purpose or time restricted by donor-imposed stipulations.

Net assets with donor restrictions: net assets with donor-imposed restrictions are the net assets that are contributions subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature that either expire by the passage of time or can be fulfilled and removed by action of the Organization pursuant to these stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

PACIFIC BEACH COMMUNITY DEVELOPMENT CORPORATION
dba DISCOVER PACIFIC BEACH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

Note 2. Summary of Significant Accounting Policies, continued

Basis of Presentation, continued: The Organization reports unconditional contributions restricted by donors as increases in net assets with donor restrictions in the reporting period in which the revenue is recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organization reports conditional contributions with restrictions by donors as increases in net assets without donor restrictions in the reporting period in which the condition has been satisfied and revenue has been recognized, and when the time restriction ends, or purpose restriction is accomplished.

Cash and Cash Equivalents: The Organization has defined cash and cash equivalents as cash in banks with an initial maturity of three months or less.

Accounts Receivable: Accounts receivables are receivables from a cost-reimbursement contract with the City of San Diego and services invoiced to businesses in the district. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from past history. No allowance for doubtful accounts was considered necessary as of June 30, 2021 and 2020.

Property and Equipment: Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$1,000 and the useful life is greater than one year. Depreciation and amortization is computed using the straight-line method over the useful lives of the assets, which are generally five years for equipment.

Depreciation and amortization expense for the years ended June 30, 2021 and 2020 amounted to \$0 and \$0, respectively.

Donated Materials and Services: Donated materials and services are recognized as contributions if the materials or services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risks: The primary receivable balance outstanding on June 30, 2021 and 2020 consists of governmental contract receivables due from the City of San Diego. Concentration of credit risks with respect to trade receivables are limited, as the majority of the Organization's receivables consist of earned fees from reimbursement-contracts granted by the City of San Diego. Management has determined that all balances are collectible.

PACIFIC BEACH COMMUNITY DEVELOPMENT CORPORATION
dba DISCOVER PACIFIC BEACH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

Note 2. Summary of Significant Accounting Policies, continued

Compensated Absences: Compensated absences for sick pay and personal time off have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

Revenues: The Organization is funded principally by the City of San Diego through the Business Improvement District (BID), Small Business Enhancement Program Management Grant (SBEP), and grants. In addition, the Organization operates other projects and programs to promote the business environment in the area and generates income from these programs.

Functional Allocation of Expenses: The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Organization providing these services.

Note 3. Income Tax Status

The Organization is a California Not-For-Profit corporation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California State Tax Code 23701(d), respectively, whereby only unrelated business income, as defined by Section 509(a)(1) of the Internal Revenue Code is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

U.S. generally accepted accounting principles require Organization management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken uncertain tax positions that more-likely-than-not would not be sustained upon examination by applicable taxing authorities. Management has analyzed tax positions taken by the Organization and has concluded that, as of June 30, 2021 and 2020, there are no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or that would require disclosure in the financial statements.

The Organization is subject to routine audits by taxing jurisdictions. However, currently no audits for any tax periods are in progress.

Note 4. Commitments and Contingencies

Contracts: The Organization's contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, the Organization has no provisions for the possible disallowance of program costs on its financial statements. Management has submitted all reports required by funding agencies and is not aware of the existence of any potential disallowances.

PACIFIC BEACH COMMUNITY DEVELOPMENT CORPORATION
dba DISCOVER PACIFIC BEACH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

Note 4. Commitments and Contingencies, continued

Obligations Under Operating Leases: On August 22, 2017, an extension to the office lease was agreed to, which extended the term of the lease from October 1, 2017 through September 30, 2020 with a monthly rent of \$2,750. On September 1, 2020, an extension to this lease was agreed to, which extended the term of the lease from October 1, 2020 through September 30, 2023, with a monthly rent of \$2,750, and annual increases of 10% on September 1, 2021 and September 1, 2022. Total lease payments under this lease amounted to \$33,000 and \$33,000, respectively, in the years ended June 30, 2021 and 2020.

Future minimum lease payments, by year and in the aggregate, under this lease consist of the following:

<u>Years ending June 30:</u>	
2022	\$ 35,750
2023	39,325
2024	<u>6,655</u>
	<u>\$ 81,730</u>

Note 5. SBA PPP Loan Payable

The Organization received a promissory note from U.S. Bank for the Paycheck Protection Program (PPP) to help the Organization through the COVID-19 pandemic. On May 6, 2020, the Organization received a promissory note in the amount of \$28,696 with a fixed annual interest rate of 1%.

The Organization submitted their forgiveness application in December 2020, and on December 8, 2020, U.S. Bank informed the Organization that all principal and interest was forgiven in full for the first PPP loan.

The Organization received a second promissory note from U.S. Bank for the Paycheck Protection Program (PPP2) to help the Organization through the COVID-19 pandemic. On March 1, 2021, the Organization received a promissory note in the amount of \$31,545 with a fixed annual interest rate of 1%. This note has the potential to be forgiven at the end of either an 8- or 24-week period depending on when these funds are used up on qualified expenses. To the extent it is not forgiven, the note will bear interest at 1%, payable in 18 installments beginning at a date to be determined subsequent to the SBA's forgiveness decision, however, interest continues to accrue during the deferment period. Payments of principal and interest are then due monthly thereafter. The Organization has yet to submit their forgiveness application for the PPP2 loan.

Estimated maturities for this loan are as follows:

<u>Years ending June 30,</u>	
2022	\$ 9,550
2023	19,244
2024	<u>2,751</u>
	<u>\$ 31,545</u>

PACIFIC BEACH COMMUNITY DEVELOPMENT CORPORATION
dba DISCOVER PACIFIC BEACH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

Note 6. Liquidity and Availability of Financial Assets

The Organization's working capital and cash flows are relatively consistent throughout the year due to monthly assessments from BID and SBEP programs, and a weekly Farmers Market. For months in which special events occur the Organization receives grants, contributions and sponsorships for the events corresponding to the timing of the event. To manage liquidity the Organization maintains adequate cash balances.

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>06/30/2021</u>	<u>06/30/2020</u>
Financial assets at year-end	\$ 301,799	\$ 270,844
Less those unavailable for general expenditures within one year: none	_____ -	_____ -
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 301,799</u>	<u>\$ 270,844</u>

Note 7. Subsequent Events

The management of the Organization have reviewed the results of operations and evaluated subsequent events for the period of time from its year end June 30, 2021 through November 5, 2021, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

COVID-19:

On January 30, 2020, the World Health Organization declared the novel coronavirus outbreak a public health emergency. The Organization responded to the coronavirus outbreak by enabling its employees who can work remotely to do so, limiting operations that could be done while maintaining appropriate social distancing, banning all business travel, and placing a temporary hold on most in-person meetings.

Given the dynamic nature of these circumstances, it is too early to tell what effect these changes will have on the business in the short term. The Organization will continue to monitor the situation closely, but given the uncertainty about the situation, the Organization cannot estimate the impact to the Organization's financial statements.